

## Message Text

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ALL NATO CAPITALS  
AFSC ANDREWS AFB MD  
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CONFIDENTIAL USNATO 4074

E.O. 11652: GDS  
TAGSC OCON, MILI, NATO  
SUBJ: MEETING OF THE CNAD HIGH LEVEL GROUP (HLG) ON AIRBORNE EARLY  
WARNING ON 30 JULY 75 AT NATO HQS.

SECDEF RO DDR&E/TWP/IP AND ISA  
CSAF FOR AFCCG, AFRDP AND AFRDQ  
NATO CAPITALS FOR MAAGS AND DAOS

BEGIN SUMMARY:  
THIS MESSAGE REPORTS SIGNIFICANT TIMES DISCUSSED  
AT THE CNAD HLG MEETING AT NATO HQ ON 30 JULY 75. KEY SUBJECTS  
WERE THE MEMORANDUM OF UNDERSTANDING AMONG MEMBERS, INCLUDING  
THE METHOD OF REIMBURSING PREFINANCING NATIONS, AND THE  
VARIOUS RAMIFICATIONS OF COPRODUCTION AND COLLABORATION. END  
SUMMARY.  
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1. THE CNAD HIGH LEVEL GROUP ON AIRBORNE EARLY  
WARNING (AC/259(HLG)) MET ON 30 JULY 1975 AT NATO HQS  
IN BRUSSELS. ALL CNAD NATIONS EXCEPT BELGIUM WERE PRESENT,  
PLUS REPRESENTATIVES FROM THE IS, IMS, SACEUR AND SACLANT.

MAJ GEN K. RUSSELL, AFCCG REPRESENTED THE US. HIGHLIGHTS OF THE MEETING FOLLOW.

2. THE MINUTES OF THE PREVIOUS MEETING AND THE TERMS OF REFERENCE FOR THE PROGRAM OFFICE AND THE HIGH LEVEL GROUP, AS MODIFIED AT THE LAST MEETING, WERE APPROVED.

3. AFTER CONSIDERABLE DISCUSSION IN THE MAIN GROUP AND A SEPARATE MEETING OF THE 5 PREFINANCING NATIONS, AGREEMENT IN PRINCIPLE WAS REACHED ON THE MEMORANDUM OF UNDERSTANDING (MOU) AMONG NATIONS. THERE WILL BE NO DISTINCTION IN THE MOU BETWEEN PREFINANCING, PRIMARY AND SECONDARY PARTICIPANTS AS THIS SUGGESTS DIFFERENT PRIVILEGES OR VOTING RIGHTS. PREFINANCING NATIONS WILL BE IDENTIFIED AS A MATTER OF INFORMATION BUT THEY ARE MERELY ADVANCING THE FUNDS AS A MATTER OF ADMINISTRATIVE EXPEDIENCY, EXPECT TO BE PAID BACK AND ENJOY NO SPECIAL PRIVILEGES. THE OBJECT IS TO ENCOURAGE MAXIMUM PARTICIPATION AMONG NATIONS WITH NO "SECOND CLASS CITIZENS" UNTIL NATIONS EVENTUALLY REACH A DECISION CONCERNING PARTICIPATION IN THE "POTENTIAL" SUBSEQUENT PROGRAM.

4. THE MOU WILL CONTAIN A STATEMENT TO THE EFFECT THAT PREFINANCING NATIONS WILL BE REIMBURSED IN SOME MANNER YET TO BE DETERMINED. THIS FORMULA, WHEN EVOLVED, MAY BE ADDED TO THE MOU AS AN ATTACHMENT. IF THE PROGRAM PROCEEDS, THEN PARTICIPATING NATIONS WILL ABSORB THE COSTS OF THE CONTRACT DEFINITION (CD) PHASE IN THE TOTAL PROGRAM COSTS AS AGREED BY THE CNAD. THE PROBLEM REVOLVES AROUND HOW PREFINANCING NATIONS WILL BE REIMBURSED IF THERE IS NO SUBSEQUENT PROCUREMENT. A CONSENSUS EVOLVED IN AGREEMENT WITH THE CANADIAN SUGGESTION THAT THE CD COSTS ARE A COST OF DOING BUSINESS IN NATO AND THEREFORE SHOULD BE ASSUMED BY ALL NATIONS THROUGH THE CIVIL BUDGET. IT CAN BE ARGUED THAT IN AGREEING TO THE CONTRACT DEFINITION STUDIES TO PROVIDE THE BASIS FOR A MINISTERIAL DECISION,

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NATIONS IMPLICITLY AGREED TO ACCEPT THIS COST OF DOING BUSINESS; HOWEVER, THE BELGIAN DISCLAIMER ON ANY KIND OF PARTICIPATION MAY BE A PROBLEM. THE ALTERNATIVE IS TO WORK OUT SOME KIND OF FORMULA AMONG THE PREFINANCING NATIONS AND ANY ADDITIONAL NATIONS THAT MAY JOIN THE EFFORT DURING CD. THIS COULD TAKE SOME TIME AND IT WAS DECIDED NOT TO DELAY THE MOU AWAITING RESOLUTION. THE GERMANS WILL PREPARE AND DISTRIBUTE A REVISED MOU.

5. THE GROUP RECEIVED A PROGRESS REPORT FROM THE PROGRAM MANAGER AND NOTED THAT SOME OF THE OBSTACLES DELAYING PREPARATION OF THE REVISED TRI-MNC CONCEPT AND REQUIREMENT HAD BEEN OVERCOME AND THAT THE DOCUMENT MIGHT BE AVAILABLE DURING THE WEEK OF 4 AUG 75. THE

GROUP ALSO NOTED THAT THE CANADIANS HAD AGREED TO FILL THE POSITION OF CHIEF, CONTRACTS, MANAGEMENT, AND ADMINISTRATION DIVISION IN THE PROGRAM OFFICE.

6. THE MOST DIFFICULT PROBLEM M FACING THE PROGRAM OFFICE (AND THE AIR SEGMENT CONTRACTOR, BOEING) IS THAT OF STUDYING THE ALTERNATIVES AND DEFINING PROGRAM COSTS FOR MAXIMUM COPRODUCTION WHEN THE IDENTITY OF EVENTUAL PARTICIPANTS IS UNKNOWN. AT PRESENT, THE POSSIBILITIES FOR COPRODUCTION IN ALL COUNTRIES EXCEPT PORTUGAL ARE BEING INVESTIGATED, YET THE PROBABILITY THAT ALL THESE COUNTRIES WILL PARTICIPATE IN AN ACQUISITION PROGRAM APPEARS REMOTE. THE GROUP SYMPATHIZED WITH THE COMPLICATIONS AND EXTRA EFFORT THIS IS CAUSING, BUT COULD THINK OF NO WAY TO NARROW THE LIST WITHOUT PREMATURELY FORECLOSING OPTIONS FOR COUNTRIES TO PARTICIPATE. SINCE THE CONTRACT DEFINITION PHASE WILL BE OVER BY THE TIME NATIONAL DECISIONS TO PARTICIPATE ARE KNOWN, THE GROUP RECOMMENDED THE PROGRAM OFFICE CONCENTRATE ON THE TWO EXTREMES: (1) THE COST OF THE SYSTEM PROCURED EXCLUSIVELY FROM THE US, AND (2) THE SYSTEM COST AND ALLOCATION OF COPRODUCTION CONSIDERING MAXIMUM COPRODUCTION IN ALL NATIONS EXCEPT THOSE ON RECORD AS DECLINING TO PARTICIPATE.

7. QUESTIONS AROSE CONCERNING INTERPRETATION OF  
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A GERMAN RECOMMENDATION THAT "COLLABORATION WILL BE SOUGHT BY COMPETITION AND SHALL NOT RESULT IN ADDITIONAL PROGRAM COST". IT WAS DECIDED THAT COLLABORATION ALWAYS RESULTS IN SOME INCREASE IN COST, BUT THAT HOPEFULLY THE INCREASE COULD BE KEPT TO A MINIMUM AND WEIGHED (BY THE DECISION MAKERS) AGAINST THE ADVANTAGES OF COPRODUCTION. THE TASK OF THE NAPO AND HLG IS TO IDENTIFY AND FINE THE POSSIBILITIES AND COSTS FOR MINISTERS, NOT TO MAKE THE DECISIONS. IT WAS ALSO DECIDED THAT COST COMPETITIVENESS SHOULD BE A BASIC GUIDING PRINCIPLE IN RECOMMENDING SOURCES FOR CO-PRODUCTION AND COLLABORATION, BUT THAT OTHER FACTORS WOULD ALSO HAVE TO BE CONSIDERED; FOR EXAMPLE, IT WOULD BE UNREASONABLE TO EXPECT THAT A NATION NOT PARTICIPATING IN THE PROCUREMENT WOULD GET A SIGNIFICANT SHARE OF THE COPRODUCTION. IN THIS RESPECT, THE PROGRAM MANAGER WAS ASKED TO SUBTLY POINT THIS OUT TO THE BELGIANS, WHO HAVE STATED THEY WILL NOT PARTICIPATE IN THE PROGRAM BUT WISH TO BE CONSIDERED FOR COPRODUCTION, AND ENCOURAGE THEM TO ATTEND THE HLG MEETINGS AND TO RECONSIDER THEIR POSITION, OR AT LEAST KEEP THE OPTION OPEN.

8. ACTION ITEM. NATIONS ARE REQUESTED TO PRESENT

A WRITTEN POSITION AT THE NEXT MEETING CONCERNING WHAT SORT OF FORMULA OR COST SHARING BASIS THEY WOULD PREFER FOR AN ACQUISITION PROGRAM, ASSUMING THEY WOULD PARTICIPATE, WITHOUT PREJUDICE TO A SUBSEQUENT NATIONAL DECISION.

9. THE HLG APPROVED THE SELECTION OF COL BRAUNE FROM THE FRG AS HLG CHAIRMAN AND THANKED DEPARTING TEMPORARY CHAIRMAN, MR. V.H.R. MACKLEN OF THE UK FOR HIS DYNAMIC LEADERSHIP AND EFFORTS.

10. THE NEXT MEETING OF THE CNAD HLG WILL BE ON 15 SEPTEMBER AT NATO HQS. STREATOR

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